

Unlocking Value in Financial Services

Investor Pulse Survey

Top Findings

- 01 Companies need to clearly articulate valuation upside to a skeptical investor base**

87% of institutional investors believe financial services companies are overvalued or fairly valued and only 13% believe financial services firms are undervalued.

Action Item: Communicate a compelling growth strategy and a clear path to long-term value creation.
- 02 Investors want to see deals that are immediately accretive as M&A accelerates**

73% of investors expect acquisitions to deliver increased profitability within the first three quarters and 93% say within the first year.

Action Item: When considering M&A activity, articulate the timeline to earnings accretion to gain shareholder support.
- 03 Management teams need to prepare for shareholder activism as they come under increased scrutiny**

Most investors expect increased management scrutiny. Roughly three-quarters of investors expect increased shareholder activism over the next 12 months and the same amount are frequently inclined to support activists.

Action Item: Assess and address potential vulnerabilities and establish activism defense plans.
- 04 Business diversification should be a core component of a company's strategy**

Investors identify diversification of revenue streams as the most important investment criteria and geographic and business/product capabilities as the most valuable types of M&A for financial services companies.

Action Item: Highlight diversification and efforts to diversify further as a key element of your investment thesis.
- 05 Investors value balance sheet strength in the current environment**

While M&A is an attractive use of capital, investors rank debt paydown as the best use of capital for financial services companies.

Action Item: Prioritize balance sheet strength and flexibility over other uses of capital.